

1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE DISTRICT OF OREGON

3 PORTLAND DIVISION

4 TRIPWIRE, INC.,)

5 Plaintiff,)

Case No. 3:17-cv-00114-YY

6 v.)

7 October 16, 2017

8 UPGUARD, INC., NORMAN ZULAUF,)

THOMAS LYNN, ANDREW)

9 STEIGLEDER, MICHAEL LOHR, and)

ANTHONY ESPOSITO,)

10 Defendants.)

Portland, Oregon

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14 TELEPHONIC ORAL ARGUMENT

15 TRANSCRIPT OF PROCEEDINGS

16 BEFORE THE HONORABLE YOLEE YIM YOU

17 UNITED STATES DISTRICT COURT MAGISTRATE JUDGE
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TRANSCRIPT OF PROCEEDINGS

(Telephonic Oral Argument.)

THE COURT: Good afternoon, Counsel. We're on the record in Tripwire v. UpGuard. It's Case No. 17-cv-114. Counsel, please state your appearances for the record, starting with plaintiff's counsel.

MS. CLEVELAND: Good afternoon, Your Honor, this is Kristin Cleveland, for plaintiffs, of Klarquist Sparkman.

MS. LOESCH: And this is Salumeh Loesch, also for plaintiff, also from Klarquist Sparkman.

THE COURT: And for the defense?

MR. SACKSTEDER: Good afternoon, Your Honor. Michael Sacksteder from Fenwick & West on behalf of UpGuard and the individual defendants, and I also have Darren Donnelly of Fenwick & West and Todd Gregorian of Fenwick & West on the line.

MS. MALONE: This is Kristin Malone of Markowitz Herbold.

THE COURT: All right. And just to reiterate, we're on the record, which means we have a court reporter; so if everyone could remember to speak at a reasonable pace and also identify yourself before you state anything, I know that our court reporter would appreciate that.

So we're here because there are two disputes between the parties that they would like the Court's help with. The first

1 is related to Tripwire's trade secret claims and the second has
2 to do with an objection under local Rule 33-1(d). I would like
3 to thank the parties for their very helpful submissions.

4 First, the email that outlines what the issue generally is.

5 There are two motions. Plaintiff's motion to compel,
6 defendants' motion to compel, as well as a memo regarding the
7 Rule 33 issue, and along with that, too, you provided exhibits
8 both in hard copy and on disk. I want to make sure that I'm
9 not missing anything.

10 MS. LOESCH: That's all we submitted, yeah.

11 THE COURT REPORTER: Who is speaking?

12 DEPUTY COURTROOM CLERK: Who is speaking?

13 THE COURT: That is Ms. Loesch.

14 I want to say again that these materials were
15 extraordinarily helpful and really provided me with what I
16 think I need in order to resolve this dispute.

17 So let me ask -- to start, let's begin by talking about
18 what you identified as the first issue which has to do with
19 Tripwire's trade secret claim. And as I understand the issue,
20 the defense would like for Tripwire to provide more specifics,
21 and Tripwire's contention is that it's provided enough
22 specifics. So I think that just very broadly outlines what the
23 issues are; correct?

24 MR. GREGORIAN: That's correct, Your Honor. This is
25 Todd Gregorian.

1 MS. LOESCH: Salumeh Loesch on behalf of Tripwire.

2 That's correct, and I would like to add that part of our
3 claim is twofold. One is that we've provided sufficient
4 particularity; but even if we haven't, there's no stay of all
5 discovery -- there should be no stay of all discovery, and we
6 believe they're separate issues.

7 THE COURT: Okay. So let's talk about -- let's begin
8 with how it is that Tripwire believes it's identified the trade
9 secrets with reasonable particularity. So you provided a lot
10 of material. Can you point to where in the materials you've
11 identified the trade secrets with reasonable particularity?

12 And I also want to note, of course, that there are --
13 there's information contained in the exhibits that's for
14 counsel's eyes only. We're on the record. The hearing is not
15 yet under seal. If you just want to identify the page numbers,
16 that's -- that's really what I need.

17 MS. LOESCH: Okay. So if you turn to our
18 Exhibit H -- it is in response to defendants' second set of
19 interrogatories, and in there we identify -- we describe and
20 identify our trade secrets and all the facts that support that,
21 that we haven't gotten any discovery from -- from defendants.

22 So 18 pages, excluding our objections, detailing the
23 misappropriated trade secrets, and in there we identify
24 customer lists, confidential customer information, customer
25 acquisition, renewal schedule information, pricing information,

1 competitive market research information, practical advanced
2 information, technical partner integration information, and
3 other confidential information about Tripwire's employees. And
4 that's all detailed in Exhibit H.

5 Further, in -- I think it's Exhibit G. We also identify
6 the 11 -- we identify specifically 11 customers that were --
7 that we -- Tripwire contends were Tripwire customers that the
8 defendants approached, and Tripwire lost sales as a result of
9 that, and --

10 THE COURT REPORTER: I'm sorry. I didn't hear what
11 you just said. You're kind of muffled. The very end, the last
12 sentence.

13 MS. LOESCH: In Exhibit G we identify the 11 name --
14 the 11 customers whom Tripwire contends that the defendants
15 approached and are Tripwire customers and that some of whom are
16 no longer Tripwire customers and are UpGuard customers and that
17 because defense approached these customers, used Tripwire's
18 proprietary trade secret information, and, as a result,
19 Tripwire has lost sales. And these are Exhibit G on pages 12,
20 14 through 16, 18 through 19, and 21.

21 THE COURT: Okay. I just wanted to clarify about
22 that.

23 So you've provided -- you've provided a significant amount
24 of briefing on these issues, along with case law, some of which
25 I've had a chance to look at. So I don't -- I don't really

1 need a rehash of the arguments that you've made; but let me
2 ask, since we've started with plaintiff, if there's anything in
3 particular you would like to highlight with respect to the
4 issue presented here?

5 MS. LOESCH: Yes. Thank you so much. This is again
6 Salumeh Loesch. And the main thing we want to point to here is
7 that we served our discovery requests over five months ago, so
8 we served the discovery requests in the spring. Summer is
9 over. We're in fall now. We still have basically received no
10 discovery from defendants.

11 The defendants' statements in their brief about that they
12 are pushing discovery forward on the patent issues is very
13 misleading. The courts -- the parties agreed and the Court
14 ordered certain patent disclosures that included,
15 quote/unquote, inspection, carved-out production, and UpGuard's
16 technical document production.

17 The fact is UpGuard has produced only 28 nonpublic
18 documents. So in my -- outside of source code-related
19 documents and publicly available web pages and prior art, to me
20 that is not pushing discovery forward in a case that alleges
21 patent -- has two counts of patent infringement, trade secret
22 misappropriation claims, intentional contract -- contractual
23 claims, breach of contract claims, 28 nonpublic documents
24 outside of source code production, and source code-related
25 documents, and publicly available documents, is not pushing

1 discovery forward.

2 And defendants' brief is just filled with misstatements
3 and --

4 THE COURT: Let me just ask, Counsel, if you could
5 slow down just a tad.

6 MS. LOESCH: Okay. Sorry. The other -- there are
7 many misstatements in defendants' brief, and I think that that
8 is the most compelling argument in Tripwire's favor. I mean,
9 defendants' claim that this district requires reasonable
10 particularity; whereas, all four cases in this district on this
11 issue expressly state that they do not require reasonable
12 particularity and it's based on the facts of the case.

13 And the Court in *Vesta Corp* specifically said that neither
14 of Judge Simon's opinions adopted the rule applied by other
15 districts requiring the party alleging the claim for
16 misappropriation of trade secrets, identify the trade secrets
17 with reasonable particularity before compelling discovery among
18 adversary trade secrets. And that's at page 1153 of the *Vesta*
19 *Corp* case.

20 That's just one of the many examples where defendants
21 claim there's a nationwide -- quote/unquote, nationwide
22 practice that trade secret plaintiff may not seek discovery on
23 this claim until it's identified as trade secrets.

24 The cases that defendants cite in support of these
25 positions, first of all, are outside this district; and,

1 secondly, are not even on point. These cases discuss the
2 California statute and its -- the state statute's admissibility
3 in federal court. They don't even go to the issue that we're
4 discussing here.

5 Some of it there, for example, in a job science issue was
6 related to an amended complaint, and then even there the Court
7 said that -- the Court didn't even -- the Court didn't even
8 address the issue of the trade secret identification.

9 In their -- in the *Switch* case that defendants -- that we
10 explained in our brief, in that case, the defendants actually
11 produced substantial documents. They searched for emails.
12 They did their document production. And so the cases the
13 defendant cites, positions they take in their brief, are not
14 applicable here or misstate the law as is applied here in
15 Oregon, and I think that is really important for the Court
16 to -- to know and to appreciate.

17 And the other main point that we want to -- that Tripwire
18 wants to address is that there are, like I said before, two
19 clear -- two points here. One is the defendants do not have a
20 right to stay all discovery, and they -- defendants have not
21 pointed to really any discovery request here that are seeking
22 disclosure for -- of UpGuard's, the defendants', proprietary
23 trade secret information.

24 Tripwire is asking for information related to Tripwire's
25 own trade secrets, and that is wholly appropriate. That is

1 unrelated to -- to UpGuard's trade secret and just -- and
2 UpGuard's objection, defendants' objection here, is not
3 relevant in the context of discovery requests, are not seeking
4 defendants' trade secrets.

5 THE COURT: Okay. All right. Thank you, Counsel.

6 So having given plaintiffs an opportunity to highlight
7 particular issues, let's move to the defense and UpGuard's
8 counsel.

9 MR. GREGORIAN: Sure, Your Honor. This is
10 Todd Gregorian. I guess I'll start by addressing some of the
11 points that plaintiff raised.

12 First, with respect to whether discovery is progressing on
13 the patent claims, we provided at least three days of source
14 code review, and I believe a fourth was scheduled for last week
15 and provided a 30(b)(6) witness about the operation of our
16 products. So in a patent case, there's no discovery that is
17 more fundamental, and there's little discovery in addition to
18 that that is going to determine any issue about infringement.

19 So, you know, we've stalled on these non-patent issues,
20 but I think the parties acted in good faith to move things
21 along.

22 Second, with respect to the reasonable particularity
23 standard, whether or not the cases in Oregon have adopted a
24 rule like, you know, California has a statute. That's sort of
25 beside the point. The cases apply a reasonable particularity

1 standard, Vesta, in particular, does. That also recognizes the
2 nationwide consensus that we pointed to.

3 And then, third, the reason for a trade secret
4 identification requirement doesn't track expressly to request
5 that -- ask for the defendants' confidential information. That
6 is one among the three or four rationals for the identification
7 requirement.

8 And, furthermore, the requests at issue here do expressly
9 call for UpGuard confidential information as they go to
10 internal communications between UpGuard and the individual
11 defendants.

12 Taking a step back, so the points I would like to
13 highlight are -- there's an issue here -- there's two issues,
14 from our perspective, as well. One is what is the -- whether
15 we can get the information about the claims that plaintiffs
16 have brought against us; and, second, what must they do to make
17 it over the gate to get affirmative discovery on that claim?

18 On the first issue, I think Your Honor -- Your Honor's
19 first question was getting at that. In their disclosure,
20 they've given us five general categories of information that
21 the cases are clear are insufficient to describe specific
22 secrets. Both *Vesta* and *Dura Global*, cited in our papers, say
23 that.

24 And then, second, they've given us documentary examples,
25 which is also insufficient because they may or may not be the

1 secrets at issue in the case.

2 Last point I would make about their disclosure is it's
3 unverified, so we don't even know what witness to depose about
4 this.

5 On the second issue, this case sort of presents the exact
6 scenario of why an identification requirement is imposed. It
7 is not based on facts, like the *St. Jude* case, where there
8 are -- where there's a record of misappropriation and it is
9 just -- discovery is just a matter of confirming what was taken
10 and what was used.

11 Here the facts are UpGuard hired some sales employees from
12 Tripwire. They had limited success in winning some customers,
13 and that is essentially it. The -- you just can't get trade
14 secrets discovery on that basis.

15 The whole point of the requirement is that you can't come
16 in without specific information about misappropriation and wade
17 through the files.

18 I'm happy to address any further concerns that Your Honor
19 has.

20 THE COURT: Just a moment.

21 Can you describe why, in your view, the case is
22 distinguishable from *St. Jude*? You've touched on that, but can
23 you explain further?

24 MR. GREGORIAN: Sure. So in the run of these cases
25 that allow an exception to the identification requirement,

1 stereotypical fact pattern is someone working at the behest of
2 a competitor or desired competitor, you know, breaks into this
3 office facility in the middle of the night and makes off with
4 unspecified files. *St. Jude* is a bit of an outlier in that it
5 applies -- it allows discovery to proceed, in essence, of those
6 sort of facts. But what it does have are -- is direct evidence
7 of misappropriation and a scope of discovery that's defined by
8 what was already shown; namely, the defendant in that case had
9 taken a 500-page internal strategy presentation that she was
10 involved in and had also taken 41 full thumb drives of
11 information from the plaintiff.

12 So not only was there sort of a prima facie case of
13 misappropriation shown, but discovery was essentially set.
14 It's what -- the questions are "What are on those thumb drives
15 and what in the presentation qualifies for trade secret
16 protection?"

17 Here we have none of that. We have nine general
18 categories of information, only two of which they've even said
19 are at issue here or that they even have -- information
20 suggesting that that information was misappropriated, and we
21 don't know what that information is. So they haven't
22 disclosed, in response to our request, even the information
23 about their claims that they have in their current possession.

24 THE COURT: So I understand the argument that you're
25 making, but in *St. Jude*, perhaps there was -- in *St. Jude* it

1 was known what materials were taken. Isn't Tripwire, in this
2 case, trying to ascertain what trade secrets were taken, what
3 information was taken? I mean, it's convenient if you happen
4 to know; but if you don't know, then how -- how else is
5 Tripwire to try to obtain that information other than asking
6 UpGuard to provide it to them?

7 MR. GREGORIAN: Sure.

8 THE COURT: There must -- there must be situations
9 like this where you don't know what information has been taken.
10 It's kind of convenient in *St. Jude* that they happened to know.

11 MR. GREGORIAN: Right. So the point, though, is that
12 they're in no different position than the normal trade secret
13 plaintiff, which is they've -- they have some -- well, they're
14 relying on the fact that employees have gone from one company
15 to another and sold products to their former customers. But
16 they're the ones that brought the claim. They need to come
17 forward and say what that claim is about before they get into
18 discovery.

19 THE COURT: Well, how will they know unless they
20 obtain it from your client? I'm having a hard time
21 understanding that.

22 MR. GREGORIAN: Sure. So -- well, reason one is
23 because they needed a basis to bring the claim. So they need
24 to -- they need to say what that basis is. If that basis is,
25 you know, we conducted forensic examination, and it shows that

1 these guys left with files, that is one way. If we -- if it's
2 that they spoke to customers and the customer said this
3 confidential information of yours was shared in a meeting once
4 they left and went to defendant, that's another way.

5 But the whole point of an identification requirement is
6 that you can't get into affirmative discovery without
7 disclosing some sort of basis to bring the claim.

8 THE COURT: Well, they have, though. They've
9 disclosed -- they've disclosed a lot of underlying facts, a
10 number of different customers. I can't get into all the
11 details that are contained in these exhibits, but some of it is
12 outlined in the complaint.

13 So I -- I guess I'm still unclear as to why they
14 haven't -- they have -- I mean, certainly they've made a good
15 faith showing. I guess the question is ultimately how are they
16 to ascertain the scope of what was taken without obtaining that
17 information from UpGuard?

18 MR. GREGORIAN: Right. So I guess the point is not
19 that they have to be able to prove up -- prove up
20 misappropriation and all its details before they can even take
21 discovery; but they are in the position of being able to
22 identify the things that they claim as trade secrets, the
23 things they claim the defendants had access to, and to define
24 the scope of their claims.

25 If the -- you know, if the allegation is that the

1 defendants took everything that they had access to, they could
2 easily disclose that in a trade secret identification and we're
3 off into discovery on the broadest possible trade secret claim.

4 THE COURT: Okay. Anything further?

5 MR. GREGORIAN: Well, Your Honor, I would just add
6 that regardless of the sort of timing issue of whether we need
7 to supplement our responses before they respond to our
8 discovery, we really don't know what the basis of their claims
9 are from their responses; and so I'll say specifically that
10 during meet and confer we discussed that they have alleged
11 evidence of misappropriation that's not disclosed in the
12 response, and there's just no reason for that to be held back
13 regardless of how the Court rules on timing.

14 THE COURT: Okay. Well, maybe it's a good idea to
15 then move on to the Rule 33 issues.

16 I can start with the defense there. Anything that you
17 would like to add?

18 MR. GREGORIAN: Your Honor, I think I -- our papers
19 cover it pretty well. I think maybe -- maybe two points.

20 The local rule is no longer an -- an objection to the fact
21 that an interrogatory is a contention interrogatory of -- and
22 applying a lot of fact. The only objection that that local
23 rule supports is an overbreadth objection. And the two cases
24 we cite, *EEOC* and *Kinnee* both say the key question is whether
25 the interrogatory extends to facts that aren't at issue in the

1 case. Basically, the definition of overbreadth.

2 Our interrogatories are narrowly tailored to facts
3 specifically at issue in the case, facts that form the basis of
4 the claim; namely one of the claims -- one of the facts that
5 Tripwire is going to put forth to argue we're liable, and
6 that's just not overbroad. We're entitled to know it to form
7 our defense.

8 A related point is, you know, we -- we have tried to work
9 out a meet and confer. Even if you don't view this as an
10 overbreadth objection and you view it as, you know, there are
11 magic words required to elicit this information, you know,
12 we've -- we've offered to reframe our interrogatories in our
13 papers four separate ways, and we did want to meet and confer
14 as well and they've rejected that offer.

15 So there needs to be a way for us to get this information.
16 We've suggested ways that the case is specifically approved, so
17 we would be happy with either an order that they respond to our
18 interrogatories as phrased or as -- as phrased in each of the
19 alternative suggestions in our papers.

20 THE COURT: Okay. Thanks for the clarification.

21 Let me move to the plaintiff. Anything further on the
22 Rule 33 issue?

23 MS. LOESCH: This is Salumeh Loesch on behalf of
24 Tripwire. I just wanted to touch on a couple of the points
25 that the defendants just raised. One is on the -- I think

1 Mr. Gregorian said that the -- their requests are fairly
2 narrow. I just want to read to you the -- Interrogatory No. 1.
3 It says, "Describe with specificity all facts that form the
4 basis of Tripwire's trade secret misappropriation claim against
5 UpGuard, Zulauf, Lynn, and Steigleder." Count three of the
6 complaint.

7 I mean, I think, on its face, that is extraordinarily
8 broad, and there's no -- Tripwire, of course, is not refusing
9 to respond to interrogatories asking for -- interrogatories
10 related to the trade secret misappropriation claims and, of
11 course, as you can see in Exhibit H, responded to
12 interrogatories that comply with the local rules and that
13 are -- that, you know, are not objectionable on these grounds.

14 And then to address defendants' claims that they provided
15 alternatives, their alternatives on all facts, each and every
16 fact, explained fully, that is not -- I mean, the courts
17 repeatedly found those types of requests to explain each and
18 every fact, instead of specify all facts that form the basis of
19 Tripwire's claims -- but they're virtually the exact same
20 interrogatory. And it is not, you know, Tripwire's burden to
21 draft interrogatories for defendants to comply with the local
22 rules.

23 So our content -- our position is that we -- you know,
24 we've been more than reasonable in allowing Tripwire --
25 allowing defendants to amend these interrogatories, not count

1 these towards the total, respond fully and in extensive detail
2 to the appropriately worded, appropriately crafted
3 interrogatories. We just contend that these interrogatories
4 that we have objected to on a 33-1(d) basis are extraordinarily
5 broad and verbatim follow what the rules say, is improper here
6 in Oregon.

7 THE COURT: All right. Thank you. So then I would
8 like to address one issue that was raised in plaintiff's motion
9 to compel, going back to the first issue with respect to trade
10 secrets. There's some reference in the plaintiff's motion in
11 various places about fees, and it -- it may not come as a
12 surprise to the parties, based on my questioning of defense
13 counsel, that I'm leaning in favor of the plaintiff on this
14 issue; but I would like to talk about the issue of fees because
15 I just want to make it clear, I guess, to both parties that I
16 don't see this as, based on what you've submitted -- like I
17 said, based on what you've submitted, that there is any
18 obstructionistic behavior on the part of the defense. I see
19 this as a difficult question to answer because both sides seem
20 to legitimately believe that the other side has to make the
21 first move.

22 So I just wanted to -- I just -- before, say,
23 hypothetically, I resolve this in plaintiff's favor, before you
24 rush off and submit some kind of a request for fees, I just
25 want to make sure you're clear as to where I'm coming from on

1 that.

2 MS. LOESCH: Salumeh Loesch on behalf of plaintiff.
3 I appreciate that position, and of course I think fees awarded,
4 obviously, are very rare. The reason why we asked for fees is
5 because of defendants' complete stall of all discovery. If the
6 issue here was, for example -- I'm making these numbers up
7 because unfortunately I'm not smart enough to remember every
8 number in every discovery request, but if the issue was
9 defendants are objecting to request number 5, 25, and 17, or
10 whatever, because those are asking specifically for defendants'
11 trade secret information, that is what the dispute is about, we
12 would never have asked for fees. That is a legitimate dispute.

13 However, here defendants have basically stalled all
14 discovery. We have asked for, as an example, the email
15 addresses and accounts of the individual defendants so we can
16 then do our discovery. How is that asking for defendants'
17 proprietary trade secret information? How is that Tripwire
18 going on a fishing expedition to further -- to find some sort
19 of trade secret argument?

20 I mean, some of these requests, some of the positions the
21 defendants have taken, they have basically stalled all
22 discovery. They have wasted five months of our time. They
23 have wasted our client's dollars. They have -- I mean, because
24 they have provided effectively absolutely no discovery.

25 And in any of the cases -- and I think if you just look at

1 the cases cited by defendant, these cases, almost all of them
2 unless they're specifically -- unless the only issue in the
3 case is a trade secret case, unless really -- California
4 statutory -- applying California statute in a very narrow case,
5 there is no case that defendants have cited that give them the
6 right to object to all discovery, and that is our critical
7 issue with what is happening. It's delayed this case for five
8 months because they've provided virtually nothing.

9 THE COURT: Well, I'm not going to get into the
10 details with respect to each and every request and the emails,
11 like you said.

12 MS. LOESCH: Good.

13 THE COURT: I'm just saying in general, as a general,
14 I guess, observation, when you're looking at the overarching
15 issue here as to who makes the first move, for lack of a better
16 way to put it, I don't find that, when I'm looking at
17 defendants' position, it's entirely unreasonable; so, I mean,
18 it doesn't come as a surprise to me that you're in this, I
19 guess, standoff, as you could call it, because you cannot agree
20 as to who needs to provide more information.

21 And that's what the Court is for, to make that decision,
22 and that is what I'm going to do as quickly as I can so that
23 you can move on to the next step. Okay?

24 But I just wanted to say that that was my take on it, at
25 least at this point, so I didn't want any of the -- either of

1 the parties to be misled. Okay? All right.

2 MS. LOESCH: Thank you very much.

3 THE COURT: Anything further for today?

4 MS. CLEVELAND: Your Honor, on the -- this is
5 Kristin Cleveland for the plaintiff. We did also have the
6 status conference for the claim construction here --

7 THE COURT: Oh, right.

8 MS. CLEVELAND: -- to discuss and then one procedural
9 issue on another date that we can address as well.

10 THE COURT: You're right. Absolutely right. Thanks
11 so much for bringing that up.

12 So, then, on that first question, what are your thoughts?

13 MS. CLEVELAND: Again, Kristin Cleveland. So as far
14 as the -- by the first question, do you mean length of the
15 hearing?

16 THE COURT: Sure. Or whatever you would like to --

17 MS. CLEVELAND: So I think that what we are -- I
18 think that I speak on behalf of both parties, to a certain
19 extent, but what we're looking for is what process is going to
20 make Your Honor most comfortable with going through the claim
21 construction process. The joint status report has set forth
22 the prioritized ten terms that look to resolve many of the
23 issues between us. We have both also suggested a half day
24 claim construction hearing, and both parties believe that a
25 tutorial would be of assistance in this case.

1 And I think that the issues that we were looking to the
2 Court to -- to determine is both the extent of the briefing and
3 hearing being on the ten terms, and plaintiff's position is
4 that it should be -- that those would be the prioritized terms
5 that are going to avoid getting into perhaps sub terms that
6 even the parties at this point haven't discussed amongst
7 themselves as to what is going to be important on some of
8 the -- I think we have 29 terms in total that were submitted
9 with the brief.

10 And so at least plaintiff's position is that the ten terms
11 briefed in the 30 pages -- the page limits that are discussed
12 in the earlier order is the most appropriate.

13 As far as the tutorial, I think that that is -- that's an
14 issue that the Court can give perhaps a better understanding as
15 to whether you would want that in advance of or on the same day
16 of the claim construction hearing. In general, a tutorial will
17 give an overview of the technology presented, for example,
18 either by one of the attorneys or by an expert brought in by
19 one of the parties, and both sides would -- would have their 30
20 or 45 minutes, or whatnot, to provide that overall background
21 on the technology so when the hearing process begins and we're
22 talking about minute terms, there's an overall context.

23 And I think both parties think that that would be
24 beneficial for the Court, but look to the Court's guidance as
25 to whether you want that in advance or whether you want that on

1 the same day.

2 THE COURT: Well, I agree it would be beneficial; so
3 we can -- we can resolve that issue at the outset.

4 What is -- what would be most cost effective?

5 MS. CLEVELAND: Likely a hearing on the same day
6 would be -- a hearing and tutorial, perhaps like a hearing -- a
7 tutorial from -- you know, scheduled at 10:00 and then the
8 hearing scheduled at 1:30 would probably be the most cost
9 efficient.

10 THE COURT: And let me ask for the defense. Do you
11 agree?

12 MR. DONNELLY: This is Darren Donnelly, Your Honor.
13 I think the answer to your question is probably that the
14 tutorial will be by counsel rather than experts. I think we
15 would look to the Court on whether or not it's more helpful for
16 the Court to hear the tutorial a day before the hearing and
17 digest it before the hearing.

18 I think that -- that aspect, whether or not it's, you
19 know, the same day or separate days, is fundamentally not a
20 significant driver of cost as opposed to whether or not the
21 tutorial is presented by counsel rather than having to retain
22 an expert and cross-examine the expert and put on direct
23 testimony of the expert.

24 THE COURT: Well, it looks like, from the documents
25 that you submitted, that you agree that the tutorial can be

1 done by counsel. That's in the joint claim construction
2 prehearing statement; correct?

3 MR. DONNELLY: Correct.

4 MS. CLEVELAND: Your Honor, Kristin Cleveland for the
5 plaintiff. We would like the flexibility for it to be
6 presented by counsel or by an expert, and of course that would
7 be a cost that we would incur, so -- but we -- we preserved
8 the -- the statement in the joint was -- presentation was by
9 presentation of counsel or experts retained by the parties.

10 THE COURT: I'm sorry. I missed that. Okay.

11 MS. CLEVELAND: We presented in the joint statement
12 both a possibility of presentation by counsel of record or
13 experts retained by the parties, and we would like to preserve
14 the ability to have an expert in this field making that
15 tutorial presentation to you. Again, as a presentation format,
16 not as a -- a direct.

17 And there are ways that the parties can exchange
18 presentations slightly in advance and resolve any objections
19 beforehand that would apply to either counsel or expert; so we
20 don't think there's a need for direct/cross regardless of who
21 is giving the presentation.

22 THE COURT: So let me just be clear. I'm sorry that
23 I missed that. I do see that here now. But neither party
24 intends to offer live testimony at the hearing; right?

25 MR. DONNELLY: Your Honor, this is Darren Donnelly.

1 UpGuard does not.

2 MS. CLEVELAND: This is Kristin Cleveland, and
3 Tripwire does not.

4 THE COURT: Okay. So, I mean, it's really up to you
5 if you want to bring someone in with greater expertise to
6 present this information. That's something I can understand
7 you wanting to do. I mean, that might make sense, depending on
8 what it is you're trying to explain. So I'll leave that up to
9 you.

10 I guess the question is whether it would be efficient to
11 have the tutorial on a separate day from the hearing, and, I
12 mean, in that regard, I'm flexible. I would really just like
13 to make sure that it's the most cost effective for the parties.

14 So that's really -- that's really up to you. I mean, I
15 see that you've provided a lot of information regarding these
16 terms, which I could certainly look at before the tutorial.

17 MS. CLEVELAND: And --

18 MR. DONNELLY: Sorry. I didn't mean to cut you off.

19 MS. CLEVELAND: Go ahead, Darren.

20 MR. DONNELLY: This is Darren Donnelly. I think it
21 would be helpful to -- if the Court is going to keep some
22 flexibility on whether there's going to be an expert
23 presentation or presentation by counsel, I think it would be
24 helpful for the parties to know when that election is going to
25 be made sufficiently in advance or in the nature of things,

1 Your Honor. Obviously, if one party is going to present by an
2 expert, then probably both parties are going to do it that way.

3 As I said before, in UpGuard's view, that as not the most
4 cost-effective way; but if it's going to be something the Court
5 wants to give the parties flexibility on, it would be helpful
6 for some guidance on when Tripwire is going to make that
7 election.

8 THE COURT: Let's do this: Why don't you confer?
9 Perhaps Tripwire can commit as to whether it's going to ask for
10 that presentation to be done -- or not ask, whether Tripwire is
11 going to do that presentation through an expert. Why don't you
12 confer about that, and then UpGuard can decide whether or not
13 it's also going to provide an expert. And it could be that
14 that helps to dictate what the schedule is going to be, right,
15 because then you would have additional people you would have to
16 schedule. And I'll just tell you right now that I'm flexible.
17 You can do it all on the same day. You can do it on different
18 days if that makes more sense. I'm flexible as to how much
19 time you think would be necessary for both components.

20 So why don't you confer, see what makes sense for, in your
21 schedule, possibly the expert's schedule, and then reach out to
22 my courtroom deputy, and we can set up -- we can set up a date
23 to accommodate you.

24 Does that sound like a good plan?

25 MR. DONNELLY: It does for UpGuard, Your Honor.

1 MS. CLEVELAND: Yes, for plaintiff, as well,
2 Your Honor.

3 THE COURT: All right. Was there anything else that
4 we needed to discuss today?

5 MS. CLEVELAND: Kristin Cleveland again for
6 plaintiff. So one procedural issue that's kind of part and
7 parcel with the -- the earlier motion. Right now we have twice
8 or perhaps thrice rescheduled the last day to amend claims to
9 join parties on the non-patent issues. That date is set out
10 for October 20th because we had anticipated an earlier briefing
11 schedule associated with the papers that went in and that we
12 discussed today. And that date is obviously unrealistic as far
13 as, you know, even if orders were provided, we wouldn't expect
14 a two-day turnaround in production from the other side.

15 So we were hoping that we could either take that date off
16 calendar and confer, subsequent to the ruling on the motions to
17 compel, as to what an appropriate date would be to put on
18 calendar or just temporarily extend it by two months, or
19 something, so we make sure that we have the time to fully
20 address the discovery issues before that date comes up again.

21 THE COURT: Certainly.

22 What about the defense? What is the defense's position on
23 that?

24 MR. DONNELLY: Your Honor, Darren Donnelly. I think
25 we have no objection if there's information that Tripwire

1 learns of in discovery for it to have -- that they can give
2 rise to -- some basis to add some additional claim, for it to
3 follow normal rules for making that issues pleading to conform
4 to the evidence that is produced in discovery.

5 The deadline that is out there now is about amendments to
6 its pleading for information it has in its possession
7 currently.

8 So I'm -- I'm -- perhaps I misunderstood what counsel was
9 intending, but we -- we don't object if there's information
10 produced in discovery and Tripwire believes that they need to
11 amend their pleading to bring a new claim in accordance with
12 the federal rules, we have no objection with them doing that.

13 MS. CLEVELAND: This is Kristin Cleveland again.
14 Your Honor, I think that the -- the issue here is very similar
15 to the issue we briefed. Last time we had to brief this in
16 opposition to extending this deadline. I think that the
17 standard that -- what falls into what bucket is strife with
18 future motion practice for a cause that I don't see as -- at
19 the case which has unfortunately put itself into the beginning
20 stages because of where we are in discovery. I don't think
21 it's unreasonable to move that date in totality and not be
22 introducing this future argument as to whether it was discovery
23 that we knew a little bit about at this point in time or
24 discovery that we got from them when they finally responded to
25 the non-patent issues. And it's a clean -- it's a cleaner

1 break just because we -- we have the patent issues. We have
2 the patent issues that are in the past.

3 THE COURT: I think it makes more sense to set a --
4 to set a date in the future. Obviously, this October 20th date
5 is not going to work. I think it makes more sense to actually
6 set a date.

7 So what I would like for you to do is confer and -- we'll
8 strike that date for now, but I would like you to confer and
9 propose a new date. I'm going to try to get this issue
10 resolved as quickly as I can. And then you can confer after a
11 ruling is made and then suggest a new date, a jointly proposed
12 date, if you can.

13 MS. CLEVELAND: Thank you, Your Honor.

14 THE COURT: Okay. So then anything else for today?

15 MR. DONNELLY: Your Honor, this is Darren Donnelly.
16 One thing is -- potentially for today was the issue raised in
17 the parties' joint claim construction submission, and if the
18 Court wants to give guidance on it now of what the parties were
19 thinking, and it's perfectly fine for the Court to give
20 guidance on it later, which is the order of presentation at the
21 claim construction hearing, the two most typical ways are one
22 party presents their views on a particular term, the other
23 party responds, and then the parties respond to any questions
24 the Court has on that term or the arguments and then move to
25 the next term.

1 The other way is one party stands up and presents their
2 argument across all terms and then the other party responds and
3 then addresses any questions by the Court during their
4 presentation or after or whatever the Court thinks are useful.

5 So we have -- we had noted that in our joint claim
6 construction to see if there's a view or a preference from the
7 Court. That was the only other thing that was potentially on
8 the agenda for today, but we can obviously be prepared to
9 address any way which is convenient for the Court at the
10 hearing.

11 THE COURT: Well, I appreciate your asking about
12 that, what would be helpful for me, but let me ask what do you
13 think makes sense?

14 MR. DONNELLY: Your Honor, this is Darren Donnelly.
15 We think probably it makes more sense for the parties to
16 address term by term and entertain any questions that the Court
17 would have of each term.

18 THE COURT: I agree.

19 Ms. Cleveland, do you want to weigh in?

20 MS. CLEVELAND: Yes, Your Honor. Obviously, this is
21 Kristin Cleveland. The term by term, I think, might be a
22 little bit difficult. We -- we proposed in the joint report
23 having plaintiff present first as far as what we envisioned,
24 and perhaps it's not clear from us, is that we would be going
25 through a presentation of all the terms and -- but there would

1 be points in time where the Court might ask on a particular
2 issue for the feedback of the other party, which is why in the
3 joint report we mentioned a timekeeping mechanism that we would
4 work out amongst ourselves to deal with that because that is
5 very common.

6 The difficulty that we would have with term by term here
7 is that some of the terms probably should be best considered in
8 groups. We have, for example, term number one is nodes, term
9 number two is plurality of heterogeneous nodes, and the -- so
10 addressing them on a term-by-term basis, I think, would cause a
11 little bit of confusion.

12 THE COURT: Couldn't we do, though -- I mean, we
13 could address them in groups. I mean, I can see why -- I mean,
14 it makes total sense to me that many of these terms would be
15 related and you would want to address them in groups.

16 MS. CLEVELAND: That would be fine with -- with us.

17 THE COURT: So let's do that, then, because I think
18 this would be easier for me to retain the information if we
19 address them term by term or in groups and then moved on to
20 other terms or groups that were unrelated.

21 MS. CLEVELAND: This is Kristin Cleveland again. I
22 think that counsel can confer and come to an agreed grouping
23 system before the hearing and provide that information.

24 THE COURT: Okay. Going back to Mr. Donnelly, does
25 that sound agreeable?

1 MR. DONNELLY: Of course, Your Honor. And one -- one
2 other way in which we have often seen some courts want to
3 address the grouping is not have the parties produce it, but
4 the Court figures out from the briefing what issues it wants
5 the parties to argue first. If the Court wants to proceed that
6 way, we'll obviously be prepared to argue whatever issues or
7 groups of issues that the Court wants to hear and in the order
8 the Court wants.

9 THE COURT: Well, I have no doubt that I'm going to
10 have some questions or need some clarification regarding these
11 terms and the information that is going to be presented, but I
12 don't assume to have any knowledge as to what makes the most
13 sense in terms of groupings of these terms; so I'm going to
14 leave that to you, and you can figure out the most logical way
15 of presenting the information. Okay?

16 MR. DONNELLY: Thank you, Your Honor.

17 THE COURT: All right, then. Okay. Well, thanks so
18 much. Again, thanks so much for the briefing and the exhibits.
19 They were very, very helpful.

20 All right. So I assume that that concludes matters for
21 today?

22 MS. CLEVELAND: That's all for plaintiff, Your Honor.
23 Thank you.

24 THE COURT: All right, then. Have a good afternoon.
25 Thanks to both parties.

1 MR. DONNELLY: Have a good afternoon, Your Honor.

2 THE COURT: Thank you.

3 (Hearing concluded.)

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C E R T I F I C A T E

Tripwire, Inc., v. UpGuard, Inc.

3:17-cv-00114-YY

TELEPHONIC ORAL ARGUMENT

October 16, 2017

I certify, by signing below, that the foregoing is a true and correct transcript, to the best of my ability, of the telephonic oral argument heard via conference call, taken by stenographic means. Due to the telephonic connection, parties appearing via speakerphone or cell phone, speakers overlapping when speaking, speakers not identifying themselves before they speak, fast speakers, the speaker's failure to enunciate, and/or other technical difficulties that occur during telephonic proceedings, this certification is limited by the above-mentioned reasons and any technological difficulties of such proceedings occurring over the speakerphone at the United States District Court of Oregon in the above-entitled cause. A transcript without an original signature, conformed signature, or digitally signed signature is not certified.

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